



Interim Report for the 3rd Quarter Ended

30 September 2010

SAAG CONSOLIDATED (M) BERHAD (Company No. : 92246-X)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the Nine Months Ended 30 September 2010

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SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(These figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year	Preceding Year
		30 Sep 2010 RM'000	30 Sep 2009 RM'000 (*Restated)	30 Sep 2010 RM'000	30 Sep 2009 RM'000 (*Restated)
Continuing operations					
Revenue	15	23,623	20,585	79,520	135,471
Costs of sales		<u>(13,698)</u>	<u>(17,531)</u>	<u>(55,460)</u>	<u>(112,071)</u>
Gross profit		9,925	3,054	24,060	23,400
Other operating expenses		(10,760)	(13,006)	(28,542)	(31,946)
Other income		16,402	7,178	28,739	11,584
Profit from operations		<u>15,567</u>	<u>(2,774)</u>	<u>24,257</u>	<u>3,038</u>
Finance costs		(6,391)	(4,897)	(13,031)	(14,383)
Share of results in associates		298	442	477	1,498
Profit / (loss) before taxation	15	<u>9,474</u>	<u>(7,229)</u>	<u>11,703</u>	<u>(9,847)</u>
Taxation	19	(184)	147	(219)	72
Net profit / (loss) for the period from continuing operations		<u>9,290</u>	<u>(7,082)</u>	<u>11,484</u>	<u>(9,775)</u>
Discontinued operations					
Net profit for the period from discontinued operations		-	-	-	1,694
Gain on disposal of discontinued operations	11	-	-	-	2,747
Net profit for the period		<u>9,290</u>	<u>(7,082)</u>	<u>11,484</u>	<u>(5,334)</u>
Net profit attributable to:					
Owners of the Company					
- from continuing operations		13,541	(5,027)	20,417	(3,105)
- from discontinued operations		-	-	-	3,334
		<u>13,541</u>	<u>(5,027)</u>	<u>20,417</u>	<u>229</u>
Non-controlling interests		<u>(4,251)</u>	<u>(2,055)</u>	<u>(8,933)</u>	<u>(5,563)</u>
		<u>9,290</u>	<u>(7,082)</u>	<u>11,484</u>	<u>(5,334)</u>
Earnings per share (sen)	26				
• Basic					
- from continuing operations		0.75	(0.65)	1.13	(0.40)
- from discontinued operations		-	-	-	0.43
		<u>0.75</u>	<u>(0.65)</u>	<u>1.13</u>	<u>0.03</u>
• Diluted					
- from continuing operations		-	(0.65)	-	(0.40)
- from discontinued operations		-	-	-	0.43
		<u>-</u>	<u>(0.65)</u>	<u>-</u>	<u>0.03</u>
Net profit for the period		<u>9,290</u>	<u>(7,082)</u>	<u>11,484</u>	<u>(5,334)</u>
Other comprehensive income after tax :					
Exchange differences on translation		(9,431)	771	(5,243)	387
Transaction costs arising from conversion of exchangeable bonds		(4,887)	-	(13,978)	-
Changes in equity interest in subsidiaries		-	713	-	(5,178)
Share issue expenses		-	-	(11)	(10)
Dividend paid / payable to minority interests of a subsidiary		-	-	-	(404)
Total comprehensive income for the period		<u>(5,028)</u>	<u>(5,598)</u>	<u>(7,748)</u>	<u>(10,539)</u>
Total comprehensive income attributable to :					
Owners of the Company					
- from continuing operations		(240)	(4,936)	2,629	(2,979)
- from discontinued operations		-	-	-	3,334
		<u>(240)</u>	<u>(4,936)</u>	<u>2,629</u>	<u>355</u>
Non-controlling interests		<u>(4,788)</u>	<u>(662)</u>	<u>(10,377)</u>	<u>(10,894)</u>
		<u>(5,028)</u>	<u>(5,598)</u>	<u>(7,748)</u>	<u>(10,539)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

* The comparative figures have been restated in view of the disposal of Proteus Global Solution Pty Ltd and its subsidiaries in Quarter 2, 2009.

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(The figures have not been audited)

	Note	As at 30 Sep 2010 RM'000	As at 31 Dec 2009 RM'000
ASSETS			
Non-Current assets			
Property, plant and equipment		404,216	328,578
Investment properties		3,812	4,132
Investment in associates		8,927	8,450
Intangible assets		11,569	11,984
Deferred tax assets		270	370
		<u>428,794</u>	<u>353,514</u>
Current assets			
Amount due from customers for contract works		373,939	288,486
Property development costs		10,536	14,219
Inventories		183,280	158,457
Trade receivables		251,650	216,390
Other receivables, deposits and prepayments		55,451	57,763
Tax recoverable		3,013	2,806
Amount owing by an associate		3,964	4,108
Fixed deposits with licensed bank		91,818	104,875
Cash and bank balances		5,897	3,468
		<u>979,548</u>	<u>850,572</u>
TOTAL ASSETS		<u>1,408,342</u>	<u>1,204,086</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables		18,076	25,649
Other payables and accruals		217,316	216,257
Amounts due to customer for contract works		854	869
Amount owing to directors of subsidiaries		347	277
Hire-purchase creditors		358	1,491
Borrowings (Interest bearing)	23	492,813	554,482
Tax liabilities		51	133
		<u>729,815</u>	<u>799,158</u>
Non-current liabilities			
Hire-purchase creditors		1,116	1,765
Borrowings (Interest bearing)	23	246,111	63,693
Deferred tax liabilities		9,102	9,013
		<u>256,329</u>	<u>74,471</u>
Total Liabilities		<u>986,144</u>	<u>873,629</u>
Equity			
Share capital		197,465	125,058
Reserves		211,810	187,287
Issued capital and reserves attributable to owners of the company		<u>409,275</u>	<u>312,345</u>
Non-controlling interests		<u>12,923</u>	<u>18,112</u>
Total Equity		<u>422,198</u>	<u>330,457</u>
		<u>1,408,342</u>	<u>1,204,086</u>
Net Assets per share (RM)		0.21	0.25

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(The figures have not been audited)

Note	Attributable to Owners of the Company										Non-Controlling Interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share application money pending allotment RM'000	Treasury shares RM'000	Share option reserve RM'000	Currency translation adjustment reserve RM'000	Capital reserve RM'000	Retained profit RM'000	Total RM'000			
At 1 January 2009	64,844	33,782	-	(1,767)	11	1,032	840	75,121	173,863	28,010	201,873	
Issue of share capital arising from:												
- exercise of ESOS	76	20	-	-	-	-	-	-	96	-	96	
- exercise of warrants	8,516	9,368	-	-	-	-	-	-	17,884	-	17,884	
- private placement	6,485	7,126	-	-	-	-	-	-	13,611	-	13,611	
- conversion of 5-year Exchangeable Bonds	22,615	44,355	-	-	-	-	-	-	66,970	-	66,970	
Total comprehensive income for the period	-	1	-	-	(11)	218	(82)	229	355	(10,894)	(10,539)	
At 30 September 2009	<u>102,536</u>	<u>94,652</u>	<u>-</u>	<u>(1,767)</u>	<u>-</u>	<u>1,250</u>	<u>758</u>	<u>75,350</u>	<u>272,779</u>	<u>17,116</u>	<u>289,895</u>	
At 1 January 2010	125,058	104,065	17,900	(1,767)	-	(45)	840	66,294	312,345	18,112	330,457	
Effects arising from adoption of FRS 139	-	-	-	-	-	-	-	4,429	4,429	5,188	9,617	
As at 1 January 2010 (restated)	<u>125,058</u>	<u>104,065</u>	<u>17,900</u>	<u>(1,767)</u>	<u>-</u>	<u>(45)</u>	<u>840</u>	<u>70,723</u>	<u>316,774</u>	<u>23,300</u>	<u>340,074</u>	
Issue of share capital arising from:												
- private placement	6 8,829	4,775	-	-	-	-	-	-	13,604	-	13,604	
- conversion of 5-year Exchangeable Bonds	6 63,578	30,590	(17,900)	-	-	-	-	-	76,268	-	76,268	
Total comprehensive income for the period	-	(13,989)	-	-	-	(3,799)	-	20,417	2,629	(10,377)	(7,748)	
At 30 September 2010	<u>197,465</u>	<u>125,441</u>	<u>-</u>	<u>(1,767)</u>	<u>-</u>	<u>(3,844)</u>	<u>840</u>	<u>91,140</u>	<u>409,275</u>	<u>12,923</u>	<u>422,198</u>	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	9 months ended 30 Sep 2010 RM'000	9 months ended 30 Sep 2009 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit / (loss) before taxation		
Continuing operations	11,703	(9,847)
Discontinued operations	-	5,288
Adjustments for:-		
Non-cash items	(15,238)	(1,629)
Non-operating items	11,432	10,999
Operating profit before working capital changes	<u>7,897</u>	<u>4,811</u>
Net change in current assets	(148,683)	(336,926)
Net change in current liabilities	<u>(6,527)</u>	<u>(107,986)</u>
Cash used in operations	(147,313)	(440,101)
Tax paid	-	(6,435)
Net cash used in operating activities	<u>(147,313)</u>	<u>(446,536)</u>
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Net change in property, plant and equipment	(84,561)	(5,360)
Development costs	3,683	(181)
Net cash movement from disposal of subsidiary	-	14,554
Net cash (used in)/ generated from investing activities	<u>(80,878)</u>	<u>9,013</u>
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		
Proceeds from shares issued	75,883	98,552
Proceeds from issue of shares to minority shareholders	-	2
Share application monies received	-	12,600
Decrease in fixed deposit pledged	13,056	15,265
Borrowings	155,231	314,643
Interest paid	(11,908)	(12,497)
Dividend paid to minority shareholders	-	(404)
Net cash from financing activities	<u>232,262</u>	<u>428,161</u>
Net change in cash & cash equivalents	4,071	(9,362)
Effect of foreign exchange fluctuations	1,140	177
Cash & cash equivalents brought forward	<u>(25,896)</u>	<u>(6,615)</u>
Cash & cash equivalents carried forward	<u>(20,685)</u>	<u>(15,800)</u>
Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	5,897	7,581
Bank overdrafts	(31,164)	(24,528)
Fixed deposits with licensed banks	<u>91,818</u>	<u>104,212</u>
	66,551	87,265
Less: Fixed deposit pledged	(87,236)	(103,065)
	<u>(20,685)</u>	<u>(15,800)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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Interim report for the quarter ended 30 September 2010

Notes to the Interim Report

1. ACCOUNTING POLICIES

Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the audited financial statement for the year ended 31 December 2009 except for the adoption of the following new/revised FRSs, Amendments to FRS and Interpretations: -

		Effective for financial periods beginning on or after
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment : Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendment to FRS 107	Statement of Cash Flows	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110	Events after the Reporting Period	1 January 2010
Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
Amendment to FRS 117	Leases	1 January 2010
Amendment to FRS 118	Revenue	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 123	Borrowing Costs	1 January 2010
Amendment to FRS 128	Investments in Associates	1 January 2010
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131	Interests in Joint Ventures	1 January 2010
Amendments to FRS 132	Financial Instruments : Presentation	1 January 2010
Amendment to FRS 134	Interim Financial Reporting	1 January 2010
Amendment to FRS 136	Impairment of Assets	1 January 2010
Amendment to FRS 138	Intangible Assets	1 July 2010

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Notes to the Interim Report

		Effective for financial periods beginning on or after
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments : Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives	1 January 2010
Amendment to FRS 140 IC Interpretation 9	Investment Properties Reassessment of Embedded Derivatives	1 January 2010 1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

Other than the application of FRS 8, FRS 101 and FRS 139, the application of new FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial statements commencing from 1 January 2010 did not result in any significant changes in the accounting policies and presentation of financial results of the Group.

FRS 8 : Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segment report had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position of the Group.

FRS 101 : Presentation of Financial Statements

FRS 101 requires the separation of owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity, if any, will be presented as a single line labelled as total comprehensive income.

In addition, FRS 101 has introduced new title on the financial statements. Statement of Financial Position has replaced Balance Sheet, Statement of Comprehensive Income is introduced to replace Income Statement and Statement of Cash Flow has replaced Cash Flow Statement. This standard does not have any material impact on the financial position and results of the Group.

This Standard also requires a statement of financial position as at the beginning of the earliest comparative period to be presented if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

FRS 139: Financial Instruments : Recognition and Measurements

FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. The Group determines the classification at initial recognition and for the purpose of the first-time adoption of the standard, as at transitional date on 1 January 2010.

The Group categorized financial instruments as follows:

Financial Assets

Loan and receivables

Loan and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gain and losses from the derecognition of the loan and receivables, EIR amortization and impairment losses are recognised in profit or loss.

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Financial Liabilities

Financial liabilities are initially measured at fair value and are subsequently measured at amortised costs, using the effective interest rate method.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes have been applied prospectively and the comparatives as at 31 December 2009 have not been restated. The changes have been accounted by the Group by restating the following opening balances in the statement of financial position as at 1 January 2010.

	RM'000
Increase / (Decrease) in borrowings	(9,617)
Increase / (Decrease) in non-controlling interests	5,188
Increase / (Decrease) in retained profit	<u>4,429</u>

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The latest audited financial statements for the financial year ended 31 December 2009 were not subject to any qualification.

3. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are affected by the cycles of capital and repair/ maintenance programs implemented by the major players in the oil and gas sector.

4. UNUSUAL SIGNIFICANT ITEMS

There were no other items affecting assets, liabilities, equity, net income or cashflows that are unusual because of their nature, size or incidence during the period under review.

5. CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the current quarter.

6. CHANGES IN EQUITY

	Current Quarter		Current Year To Date	
	Number Of Shares '000	Proceeds From Share Issue RM'000	Number Of Shares '000	Proceeds From Share Issue RM'000
Issuance of new ordinary shares of RM0.10 each pursuant to Exercise of Private Placements	<u>0</u>	<u>0</u>	<u>88,285</u>	<u>13,604</u>
Issuance of new ordinary shares of RM0.10 each pursuant to conversion of Exchangeable Bonds	<u>165,139</u>	<u>20,500</u>	<u>635,785</u>	<u>94,171</u>

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Interim report for the quarter ended 30 September 2010

Notes to the Interim Report

7. DIVIDENDS

There were no dividends paid during the current quarter.

8. SEGMENTAL REPORTING

The Group is organised into six main business segments and the revenue and result of each business segment is reported as follows:

Investment holding	Provision of group management and shared services and investment holding
Trading, maintenance, repair and overhaul	Supply, repair and maintenance of engineering equipment and spare parts of oil and gas and energy industries
Rig services	Provision of platform rigs as owner / operator and consultancy services for petroleum and related upstream activities
Maritime logistics & support : Ownership, construction & operations	Provision of shipbuilding, ship chartering, repair & maintenance, maritime transportation and logistics provider for the oil & gas and shipping industries.
Construction, infrastructure & project management	Engineering, procurement, project management, construction and commissioning of projects related to power generation / infrastructure / civil works.
Manpower consultancy, design, engineering and fabrication services	Provision of engineering consultancy and specialist manpower services to the oil and gas, power generation and infrastructure based industries

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Interim report for the quarter ended 30 September 2010

Notes to the Interim Report

Segment information for the current financial period to 30 September 2010 is as follows:

	← Oil And Gas →					Construction, infrastructure and project management	Others	Group
	Investment holding	Trading, maintenance, repair & overhaul	Rig services	Manpower consultancy, design, engineering and fabrication services	Maritime logistics & support : Ownership, construction & operations			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	12,088	-	-	7,805	59,627	-	79,520
Segment results	16,623	(2,264)	(6,364)	(2,297)	(465)	18,281	(379)	23,135
Unallocated corporate income								1,122
Unallocated corporate expenses								-
Profit from operations								24,257
Finance costs								(13,031)
Share of results in associates								477
Profit before tax								11,703
Tax expense								(219)
Profit after taxation								11,484
Non - controlling interests								8,933
Net profit for the period								20,417

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Interim report for the quarter ended 30 September 2010
Notes to the Interim Report

9. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Group were not revalued since the previous audited financial statements.

10. SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER UNDER REVIEW

There were no significant events subsequent to the end of the current quarter.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the financial period ended 30 September 2010.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no significant changes in contingent liabilities and contingent assets since the last annual statement of financial position date.

13. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements as at 30 September 2010 in respect of purchase of property, plant and equipment are as follows:

Approved and contracted for RM 57,121

14. RELATED PARTY TRANSACTIONS

	Current Year 3rd Quarter 30.09.2010 RM'000	Current Year To date 30.09.2010 RM'000
With an associated company :		
- <i>purchases of inventories</i>	-	1

There were no related party transactions with the directors of the company.

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Interim report for the quarter ended 30 September 2010

Notes to the Interim Report

15. REVIEW OF PERFORMANCE

The Group has registered revenue of RM79.5 million for the nine months period ended 30 September 2010 as compared to RM135.5 million in the preceding year corresponding period. The reduction in revenue of RM56 million was mainly due to the revenue recognition of the project which were completed or nearing completion in the preceding year corresponding period.

The Group achieved a gross profit margin of 30.3% as compared to 17.3% in the preceding year corresponding period. The Group has registered a profit before taxation of RM11.8 million in the current period as compared to a loss before tax of RM9.8 million in the preceding year corresponding period. The increase in profits is mainly attributable to favourable unrealised foreign exchange translations and the reduction in operating expenses.

16. QUARTERLY RESULTS COMPARISON

	Current Year 3rd Quarter 30.09.2010 RM'000	Current Year 2nd Quarter 30.06.2010 RM'000
Revenue	23,623	43,104
(Loss) / Profit before tax	<u>9,474</u>	<u>(40)</u>

Revenue has decreased from RM43.1 million in the preceding quarter to RM23.6 million in the current quarter. The decrease in revenue was mainly due to the progressive revenue recognition of the Bangladesh Power Project.

The Group however, registered a profit before tax of RM9.5 million in the current quarter as compared to a loss before tax of RM 0.04 million in the preceding quarter. This was due to accounting for fluctuations in translation of loans denominated in foreign currency and reduction of expenses compared to revenues generated during the quarter.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010

Barring unforeseen circumstances, the directors expect the Group's operating environment to remain challenging for the financial year ending 31 December 2010.

The Group will continue to focus on its efforts to raise funds and deploy its assets as a measure to enhance the cashflow position of the Group while ensuring sustainability of its businesses.

18. VARIANCE OF ACTUAL FROM FORECAST PROFIT

The Group did not announce any profit forecast or profit guarantee during the current financial period.

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Notes to the Interim Report

19. TAXATION

	Current Year Quarter 30.09.10	Current Year To date 30.09.10
	RM'000	RM'000
<u>Current year</u>		
Income tax	25	25
Deferred Tax	175	176
<u>Prior year</u>		
Income Tax	(16)	18
	<u>184</u>	<u>219</u>

The effective tax rate was lower than the statutory tax rate of 25% due to utilization of capital allowances and unabsorbed tax losses by certain subsidiaries.

20. SALE/PURCHASE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no sale of unquoted investments during the financial period under review.

21. QUOTED SECURITIES

As at 30 September 2010, the Company had not purchased nor disposed off any quoted shares

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

- a) On 22 August 2007, the Company announced that it has entered into an agreement with Keppel Oil International Ltd, Inc, ("Keppel Oil") wherein Keppel Oil is agreeable to assign in favour of SAAG, all rights, title interests benefits in and to the Memorandum of Understanding dated 5 August 2007, made between Keppel Oil and Tamin Oil & Gas Investment Co. ("TOGICO") whereby Keppel Oil and TOGICO have agreed to form a joint venture offshore company to be incorporated in Labuan, Malaysia, to build, own and operate mobile offshore jack-up drilling rigs.

In consideration of the aforesaid assignment, SAAG shall transfer or cause to be transferred such number of ordinary shares in Sepworth Investments Limited ("SIL") which constitute 40% of entire issued and paid up capital of SIL to Keppel Oil or its nominees. This agreement is presently pending completion.

- b) On 14 December 2009, the Company announced that it proposed to undertake a private placement of up to 10% of the issued and paid-up share capital of the Company.

On 28 December 2009, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has approved the listing and quotation of up to 252,079,769 new SAAG Shares to be issued pursuant to the Proposed Private Placement ("Placement Shares") vide its letter dated 24 December 2009, subject to the following conditions:-

- (i) SAAG and OSK must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Private Placement;
- (ii) SAAG and OSK to inform Bursa Securities upon the completion of the Proposed Private Placement;

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22. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (con't)

- (iii) SAAG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
- (iv) Additional listing fee payable for each tranche of the Placement Shares listed, together with a copy of the details of the computation of the amount of listing fees payable.

On 5 January 2010, the Company announced that the Board of Directors of SAAG ("Board") has fixed an issue price of RM0.1561 per placement share for the 1st tranche of the placement shares, comprising 59,885,000 placement shares. This issue price represents a discount of approximately 9.98% to the five (5)-day volume weighted average market price of SAAG's shares up to and including 4 January 2010 of RM0.1734.

On 14 January 2010, the Company announced that 59,885,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 15 January 2010.

On 14 January 2010, the Company announced that the Board has fixed an issue price of RM0.1592 per placement share for the 2nd Tranche of the placement shares, comprising 14,400,000 placement shares. This issue price represents a discount of approximately 9.95% to the five (5)-day volume weighted average market price of SAAG's shares up to and including 13 January 2010 of RM0.1768.

On 22 January 2010, the Company announced that 14,400,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 25 January 2010.

On 22 February 2010, the Company announced that the Board has fixed an issue price of RM0.1402 per placement share for the third tranche of the placement shares, comprising 14,000,000 placement shares. This issue price represents a discount of approximately 9.95% to the five (5)-day volume weighted average market price of SAAG's shares up to and including 19 February 2010 of RM0.1557.

On 1 March 2010, the Company announced that 14,000,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 2 March 2010.

On 25 June 2010, the Company announced that the Bursa Securities has, vide its letter dated 24 June 2010, granted an extension of time of six (6) months from 25 June 2010 until 25 December 2010 to complete the implementation of the Proposed Private Placement.

- c) On 03 September 2010, the Company announced that it proposed to raise gross proceeds of up to approximately Ringgit Malaysia ("RM") 416 million ("Intended Gross Proceeds") by undertaking the following proposals:
 - i) a renounceable two (2) call rights issue of up to 5,200,549,005 new ordinary shares of RM0.10 each in SAAG ("Rights Share(s)") on the basis of five (5) Rights Shares for every two (2) existing ordinary shares of RM0.10 each held in SAAG ("SAAG Share(s)") together with up to 1,040,109,801 free detachable warrants ("Warrant(s)") on the basis of one (1) Warrant for every five (5) Rights Shares subscribed ("Proposed Rights Issue");
 - ii) in the event that the total proceeds of the Proposed Rights Issue shall be less than the amount of the Intended Gross Proceeds, (such difference, referred to as the "Differential Intended Gross Proceeds"), the Differential Intended Gross Proceeds shall be raised by either of the following or a combination of both:

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22. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (con't)

- (a) proposed issuance of nominal value five (5) year unsecured guaranteed exchangeable bonds ("Exchangeable Bonds") by SAAG (L) Limited ("SAAGL"), a wholly – owned subsidiary of the Company up to such amount equivalent in value to the difference between the Differential Intended Gross Proceeds and the ICPS Proceeds, if any; and/or
- (b) proposed issuance of nominal value of five (5) year irredeemable convertible preference shares of RM 0.10 each in SAAG ("ICPS") up to such amount equivalent in value to the difference between the Differential Intended Gross Proceeds and the Exchangeable Bonds Proceeds, if any.
- iii) proposed amendments to the Memorandum and Articles of Association of SAAG
- iv) proposed establishment of an employees' share option scheme ("ESOS") of up to 15% of the issued and paid up share capital of SAAG at anytime for the Directors (including Non – Executive Directors) of SAAG and eligible employees of SAAG and its subsidiaries.

23. GROUP BORROWINGS

Details of the Group's bank borrowings as at 30 September 2010 are as follows:

	Current RM'000	Non-current RM'000
Unsecured	42,248	36,000
Secured	450,565	210,111
	<u>492,813</u>	<u>246,111</u>
	'000	RM '000 equivalent
Bank borrowings denominated in foreign currency –		
United State Dollar	<u>65,526</u>	<u>202,247</u>
Singapore Dollar	<u>2,119</u>	<u>4,967</u>
Indian Rupee	<u>597,707</u>	<u>41,421</u>

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments entered into by the Group as at the date of this report.

25. MATERIAL LITIGATION

There was no material litigation since the last annual statement of financial position date to the date of this report.

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26. EARNINGS PER SHARE

Basic earnings per share

	Current Year Quarter 30.09.2010	Current Year To Date 30.09.2010
Net profit for the period (RM'000)	13,541	20,417
Weighted average number of ordinary shares in issue ('000)	<u>1,804,261</u>	<u>1,804,261</u>
Basic earnings per share (sen)	<u>0.75</u>	<u>1.13</u>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN
EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER